

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 2202

January 14, 2012

SUMMARY OF BILL: Requires the Department of Labor and Workforce Development (DLWD) to provide legal representation to a claimant for unemployment insurance benefits if the employer is represented by a licensed attorney, the claimant requests that an attorney be appointed, and the claimant provides proof of indigence. If the claimant is awarded benefits, the employer shall be assessed the cost of providing legal representation to the claimant.

ESTIMATED FISCAL IMPACT:

Increase State Revenue – \$88,500/General Fund

Increase State Expenditures – \$448,700/General Fund

\$23,300/Unemployment Insurance Trust Fund

Assumptions:

- According DLWD, there will be 325 claimants represented before the Appeals Tribunal, 111 before the Office of Administrative Review, and 1 before a Chancery Court. There will be a total of 437 indigent claimants (325 + 111 + 1) provided an attorney.
- According to DLWD, there will be 158 appeals won by an indigent claimant who is represented by a DLWD attorney. The Department will charge the employer \$56 per attorney hour for each of these cases.
- DLWD estimates that on average, one case at any appeal level will require 10 attorney hours.
- A recurring increase in state revenue for attorneys fees of \$88,480 (158 indigent claimant wins x \$56 x 10 hours).
- DLWD cannot provide these services within existing resources. Five additional Attorney 3 positions will be required increasing recurring state expenditures by \$372,430 [5 x (\$59,640 salary + \$14,846 benefits)]. One additional administrative services assistant will be required increasing recurring state expenditures by \$55,231 (\$42,900 salary + \$12,331 benefits). An additional \$21,000 per year will be required for training, software, and malpractice insurance. The total recurring increase in state expenditures will be \$448,661 (\$372,430 + \$55,231 + \$21,000).
- There will be four claimants per year that will win the appeal who would not have won without an attorney. These four claimants will receive benefits for 26 weeks at an average weekly rate of \$224 resulting in a recurring increase in state expenditures from the Unemployment Insurance Trust Fund of \$23,296 (4 claimants x 26 weeks x \$224).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

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